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Of National Industrial Policy

By KAREN W. ARENSON

The ills of the American economy are obvious — high interest rates, high unemployment, low productivity, uncompetitive plants.

The cures are not so evident. In recent decades, Americans have successively taken, and then discarded, a variety of economic medicines, from Keynesianism to monetarism to supply-side economics.

Now, a new prescription — industrial policy — is sweeping intellectual and political circles. It is an idea that has been spurred by the success of the Japanese economy, and by the crucial role played/by Japanese industrial policy and its centerpiece, the Ministry of International Trade and Industry.

A Burst of Interest

The issue is prompting much debate. To supporters, a national industrial policy, aimed at helping particular industries, holds the key to reshaping America's economy and setting the course for future growth. To others, it is simply the latest brand of snake oil or voodoo economics.

The issue is attracting high-powered attention. In the past year, the Council on Foreign Relations, the Aspen Institute, Harvard University, Columbia Law School and the Federal Reserve Bank of Kansas have all scheduled symposiums on the topic, with participants from politics and the academic world, unions and business.

In addition, industrial policy is expected to be an important issue in the 1984 Presidential race, provided the economy continues to have visible problems as the recovery progresses, were all Democrats have endorsed the concept, and industrial policy bills are beginning to appear in Congress.

The Republicans, on the other hand, are hoping that recovery will make the discussion moot, that the worst of the economy's troubles will disappear with the recession

Industrial policy remains an elusive concept. It encompasses ideas, some of them contradictory, ranging from the establishment of an industrial development hand the support winning industries, to as ladjustrial conversion agency to rehabilitate losing industries and their workers. Many proposals prescribe seems type of three-way bargain-

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New Ideas for Industrial Policy: Six Proponents and Their Views



Robert 3. Raich, a Harvard pro-fessor who argues the need for in-dustrial policy his blook. The Next Coordination of all Government poli-cies affecting business. He would support high-valued, high-tech-nology industries at the expense of mass-production industries, and seeks more cooperation among business, government and labor to accomplish this. He also calls for fexible-system production' or fexible-system production' so business can adapt quickly to changing marks.



Felix Rohatyn, an investment banker at Lazard Fráres, seiska a modernday Reconstruction Finance Corporation, like the one Herbert Hover set up in 1932. The new R.F.C. would provide debt and equity funds to help redevelop passes of the nation of the redevelop passes of the nation of the national institutions as seen to the redevelopment of the



Leater Thurow, economics professor at the Massachuseits institute of Technology, favors halping industries that have the best chance of competing worldwide. In his plan, workers and managers would certify their industries under new management. Outside experts would certify the plant workability, and a board would determine the roles to be played by Government, business and labor. The Government would results of the plant work on any all of provided, possibly from a Government investment bank.



To insure jobs and basic industries, the United Auto Workers and its new president. Owen Stabor, would create a National Strategie Planning Board with intembers from labor, business, government and public interest groups, a bureau to help rehabilitate waning industries and their workers, various industry, strategy committees and a national stochnology administration. "We will have an industrial policy in this country, the question is whether it will be a noticy carried out at the expense of the working people," said Mr. Blebert.



Frank A. Well, an attorney and former Commerce Department official, would set up a Federal Industrial Coordination Beard, with members former and the process of the Coordination Beard, with members for the Coordination Beard, with members for the Laboration Beard, with members for the Laboration Beard and the Laboration Beard of the Laborat



Timothy E. Wirth, Democratic Representative from Colorado, will soon submit a till to creat an Economic and the second state of the second state of the second would gather and analyze data about he economy, by geographic representation and by industry, and make recommendations to Congress. Its nine members would chosen by the President from people suggested by Frederick or their intelligit and for getting things done. There would be no agency to dispurse funds unless the council recommended one and Congress approved.

Debate Grows on Whether U.S. Should Adopt a National Industrial Policy

Continued From Page 1
ing process, in which business and labor nake concessions in return for Government help.
"Industrial policy has become one of those subjects about which everyone has an opinion, but where the issue tends to be defined in a different way by important to be defined in a different way by immibit a law School puriessor, says.
Differences notwithstanding, what he ideas have in common is the belief that some economic problems cannot cook as the funded adopt about the cook of th

needs a new industrial policy because the old economic rules haven't been working."

The proposals typically offer direct aid to one or more industries. This represents a kind of national microconsecution of the proposals typically offer direct aid to one or more industries. This represents a kind of national microconsecution of the proposal concentration of the microcard concentration of the proposal control of the proposal competitiveness in world markets. Most proposals also call for some kind of policy-making body to decide what plans make senses and a development of make senses and a development bank to dispense money.

Others Are Skeptical

what plans make sense and a development bank to dispense money.

Others Are Skeptical

It is easy to understand the allure—and the fervent hostility — that industrial policy engenders. Its attraction-industrial policy engenders, its attraction-industrial policy engenders, its attraction-industrial policy engenders, its attraction-industrial policy engenders in the productivity and slow growth. Those are poblems that appear to be structural in nature rather than cyclical, because they have been decided to be a composition of the production of the production of the production of treession and expansion.

The antagonism stems from the haziness of many of the prescriptions and the lack of scholarly research to supplies of the production of the prescriptions and the lack of scholarly research to supplies of the production of the prescriptions and the lack of scholarly research to supplies of the production of the prescriptions and the lack of scholarly research to supplie the production of the prescriptions and the lack of scholarly research to supplie the supplies of the production of the prescriptions and the lack of scholarly research to supplie the supplies of the production of the scholarly research to supplie the supplies of the production of the scholarly research to supplie the supplies of the scholarly research to supplie the scholarly research to supplie the supplies of the scholarly research to supplies the scholarly research to supplie the sch

eral research group in Washington.

Interest at Exxon

The business community also has qualins, although some executives are following the debate closely and even participating in it. "We are vitally increasted in his," said Martin K. King, manager of the corporate strategy divident of the corporate strategy divident was to make sure that since the corporate strategy want to make sure that since the corporate strategy was to make sure that since the corporate strategy divident was to make sure that the problems and put in its proper perspective. The problems are enormously completely before any programs are developed."

The idea that the state should play a

grams are developed."

The idea that the state should play a role in guiding industry is not new. Governments performed that function in mercantilist Europe, for example, in the 16th and 17th centre. They promoted investment in export industries, erected barriers to imports and managed the inflow and outflow of

skilled workers and raw materials. In the United States, Alexander Hamilton 2 capacity to deal with the problems of the common o

policy became another way to talk about the subject."

Carter Named Study Group
President Jimmy Carter put together an interdepartmental study group. The Department of Commerce looked at foreign industrial policies. Anthony Ms to the Pressure Pearlment and now president of the New York Federal Reserve Bank, headed a study of the American steel industry. Shortly before leaving office, President Carter also years and the Pressure Pank, headed a study of the American steel industry. Shortly before revitalization." But then Romal Resegna took office, seeking more emphasis on free markets and less on the Government involvement — the antithesis of At a revent flustral must have been dependent of the Office of Management and Budget, noted the sharp contrast between the concept of industrial policy seems and present and proceed of the Office of Management and Budget, noted the sharp contrast between the concept of industrial policy seems and present and proceed of the Office of Management and Budget, noted the sharp contrast between the concept of industrial policy involved the sharp contrast between the concept of industrial policy with the present and th

losophy. "What industrial policy implies is

25 Food Places Listed For Health Violations

The New York City Department of Health cited 25 food establishments last week for violations of the health code, in addition, it department named 13 that were allowed to reopen after correcting earlier violations, and 5 that were closed for having failed to do so. The restaurants are these:

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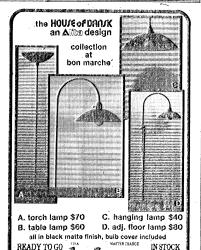
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Tom O'Reilley's, 75 Les Inglan Ave.
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Ponce Clob 178 Smith Singlan Ave.
Ponce Clob 178 Smith Singlan Ave.
Brooklyn
Windmill Bar and Restaurant, 938 Fourth Ave.
Brooklyn
Silver Moon Restaurant, 41-16 Main St., Queens.

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